2007 Farm Bill Commodity Title:
Investing in a Strong Safety Net that Ensures a Stable Food Supply

- **Extends the strong safety net for farmers**
  - Maintains the safety net programs authorized in the 2002 Farm Bill with minor changes.
  - Continues support for farmers through direct payments at the same levels as current law.
  - Preserves the non-recourse marketing loan program, the fundamental piece of the farm safety net.
  - Continues the price-based counter-cyclical program, which provides assistance when prices decline.

- **Rebalances farm programs to improve equity among commodities and reflect changes in the marketplace for these commodities**
  - Increases target prices for wheat, barley, oats, oilseeds and soybeans, which increases producers' opportunity to receive counter-cyclical payments when prices are low.
  - Rebalances loan rates on wheat, barley, oats, oilseed, small chickpeas and graded wool, enhancing the basic safety net for these commodities.

- **Improves performance of loan rates for several crops to reflect current market values for these commodities**
  - Establishes separate loan rates for long grain and medium/short grain rice.
  - Establishes separate loan rates for feed and malt barley.
  - Equalizes sorghum loan rates with corn loan rates down to the county level.
  - Changes the calculation of the adjusted world price of cotton to reflect current market conditions and adjusts the cotton marketing loan program to make American cotton more competitive and move stocks out of storage.

Farm Bill Commodity Program Facts:

▪ 25 different commodities, representing one-third of gross farm sales, qualify for Farm Bill program support.

▪ Commodities that qualify for Farm Bill support under the Commodity Title include corn, wheat, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, sesame seed and others), rice, cotton, sugar, peanuts, grain sorghum, barley, oats, wool, mohair, honey, dry peas, lentils, small chickpeas, dairy products.

▪ Spending on Commodity Title programs accounts for only about 13% of the Farm Bill's budget.

- **Offers producers the option of enrolling in a new revenue-based counter-cyclical program**
  - Producers would receive payments for a commodity when the actual national revenue per acre for the commodity is less than the national target revenue per acre.
  - The national target revenues for each commodity are based on the target prices in the in the 2007 Farm Bill.
  - Producers can decide which commodities to enroll in the program, allowing for maximum flexibility and opportunity for experimentation.
  - Revenue-based programs are supported by the American Farm Bureau Federation, National Corn Growers Association, American Farmland Trust, and the U.S. Department of Agriculture.

- **Reforms payment limits for commodity programs**
  - Imposes a hard cap of $1 million on average adjusted gross income (AGI) for eligibility to receive farm program payments. AGI average is based on the three prior tax years.
  - Requires that those with AGI of $500,000 or greater to receive 66.66% of their income from farm, ranch or forestry sources in order to receive farm program payments
  - Eliminates the three-entity rule that allows producers to collect as much as double the current limit on farm program payments and requires direct attribution of farm program payments to the individuals who receive them.
  - Reduces the total payment cap for direct and counter-cyclical payments for a single farmer from $210,000 to $125,000

- **Modifies and extends the current sugar program, preserving American jobs.**
  - Raises the loan rate for sugar (to 18.5 cents for cane sugar and 23.5 cents for beet sugar) and changes overall allotment quota to be a minimum of 85% of domestic consumption (previously was a set amount)
  - Provides continued support for the U.S. sugar producers with the successful marketing allotment program, while ensuring that domestic sugar cane and beet producers provide most of the sugar demanded by U.S. consumers.

- **Achieves greater equity among commodities by ending government storage payments for commodities.**

- **Strengthens the American dairy industry**
  - Extends the Milk Income Loss Contract Program until 2012.
  - Supports the price of cheddar cheese, butter, and nonfat dry milk by government purchase of such products.
  - Reestablishes the Dairy Forward Pricing Program, which allows dairy farmers to voluntarily enter into forward contracts with milk handlers. Other commodity producers also use forward contracts to manage risk.
    - A forward contract is an agreement to sell a stated quantity of milk, for a stated period, at a stated price. A forward contract is a voluntary risk management tool that can allow producers and handlers are able to “lock in” prices, reducing risk associated with changes in price and income and enhancing the ability to obtain financing.
  - Extends the Dairy Export Incentive Program (DEIP), which helps U.S. dairy product exporters market their products overseas in countries where U.S. dairy products much compete with subsidized domestic dairy products.
  - Requires importers and dairy producers in Alaska, Hawaii, and Puerto Rico to participate in funding the Dairy Research and Promotion Program, which funds promotion and research activities to strengthen the dairy industry's position in the marketplace and to maintain and expand domestic and foreign markets and uses for fluid milk products and dairy products produced in the United States. Currently, the promotion program applies only to the 48 contiguous States.

Target Prices for Counter-Cyclical Payments

Commodity	$/Unit	H.R. 2419 Chairman’s Mark	2002 Farm Bill	Change
Wheat	Bu.	4.15	3.92	0.23
Corn	Bu.	2.63	2.63	No Change
Sorghum	Bu.	2.57	2.57	No Change
Barley	Bu.	2.73	2.24	0.49
Oats	Bu.	1.50	1.44	0.06
Up. Cotton	Lb.	0.70	0.7240	(0.024)
Rice	Cwt.	10.50	10.50	No Change
Soybeans	Bu.	6.10	5.80	0.30
Peanuts	Ton	495	495	No Change
Minor Oilseeds	Lb.	0.1150	0.1010	0.014

New Revenue-Based Counter-Cyclical Option

Commodity	$/Unit	National Target Revenue	National Payment Yield
Wheat	Bu.	149.92	36.1
Corn	Bu.	344.12	114.4
Sorghum	Bu.	131.28	58.2
Barley	Bu.	153.30	48.6
Oats	Bu.	92.10	49.8
Up. Cotton	Lb.	496.93	634
Rice	Cwt.	548.06	51.28
Soybeans	Bu.	231.87	34.1
Peanuts	Ton	683.83	1.496
Minor Oilseeds	Lb.	129.18	1167.6

Nonrecourse Marketing Loan Rates

Commodity	$/Unit	H.R. 2419 Chairman's Mark	2002 Farm Bill	Change
Wheat	Bu.	2.94	2.75	0.19
Corn	Bu.	1.95	1.95	No Change
Sorghum	Bu.	1.95	1.95	No Change
Malt Barley*	Bu.	2.50	1.85	0.65
Feed Barley*	Bu.	1.90	1.85	0.05
Oats	Bu.	1.46	1.33	0.13
Up. Cotton	Lb.	.52	0.52	No Change
ELS Cotton	Lb.	0.7977	0.7977	No Change
Long Grain Rice**	Cwt.	6.50	6.50	No Change
Medium/Short Grain Rice**	Cwt.	6.50	6.50	No Change
Soybeans	Bu.	5.00	5.00	No Change
Peanuts	Ton	355	355	No Change
Minor Oilseeds	Lb.	0.1070	0.093	0.014
Dry Peas	Cwt.	5.40	6.22	(0.82)
Lentils	Cwt.	11.28	11.72	(0.44)
Small Chickpeas	Cwt.	8.54	7.43	1.11
Graded Wool	Lb.	1.10	1.00	0.10
Nongraded Wool	Lb.	0.40	0.40	No Change
Honey	Lb.	0.60	0.60	No Change
Mohair	Lb.	4.20	4.20	No Change

* The 2002 Farm Bill provided one loan rate for all barley
** The 2002 Farm Bill provided one loan rate for all rice

Direct Payment Rates under HR 2419
Levels are the same as 2002 Farm Bill

Commodity	$/Unit	H.R. 2419 Chairman's Mark
Wheat	Bu.	0.52
Corn	Bu.	0.28
Sorghum	Bu.	0.35
Barley	Bu.	0.24
Oats	Bu.	0.024
Up. Cotton	Lb.	0.0667
Rice	Cwt.	2.35
Soybeans	Bu.	.44
Peanuts	Ton	36
Minor Oilseeds	Lb.	0.008